



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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**Gloria Molina  
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Commissioners

February 04, 2014

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE AN AMENDMENT TO A GROUND LEASE, DISPOSITION AND DEVELOPMENT  
AGREEMENT, AND LOAN DOCUMENTS FOR REGENCY COURT APARTMENTS AT 720 FIFTH  
AVENUE IN THE CITY OF MONROVIA  
(DISTRICT 5) (3 VOTE)**

**SUBJECT**

This letter recommends approval of an amendment to a ground lease, disposition and development agreement, and all related loan documents between the Community Development Commission (Commission) and Monrovia 612, L.P., for Regency Court Apartments, a 115-unit affordable senior housing development located at 720 Fifth Avenue in the City of Monrovia.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director, or his designee, to negotiate and execute an amendment and, if required, terminate the Ground Lease and Disposition Development Agreement (DDA) with Monrovia 612, L.P., to extend the term for an additional 20 years, following approval as to form by County Counsel, for Regency Court Apartments, a 115-unit affordable senior housing development in the City of Monrovia.
2. Authorize the Executive Director, or his designee, to negotiate and execute an amendment and, if required, terminate the Promissory Note and Deed of Trust between the Commission and Monrovia 612, L.P., to assume the existing HOME Investment Partnerships Program (HOME) loan by Monrovia 612, L.P., to subordinate the existing Deed of Trust to the first mortgage lender, to extend the affordability period for an additional 19 years, and to modify the residual receipts payments, following approval as to form by County Counsel.

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

2-D February 4, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

3. Authorize the Executive Director, or his designee, to negotiate, execute, amend and, if required, terminate all related documents including, but not limited to, documents to subordinate the loan to permanent financing, and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation of the Project, following approval as to form by County Counsel.

4. Find that approval of the amendments to the Ground Lease and debt assumption is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action is not defined as a project under CEQA.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to extend the existing Ground Lease with Monrovia 612, L.P., amend the DDA and all related loan documents, and to subordinate the existing HOME loan in order to preserve affordable senior housing for an additional 19 years.

### **FISCAL IMPACT/FINANCING**

No funding is requested at this time.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On January 4, 1994, the Commission assisted Regency Court Apartments with a \$1,080,000 HOME loan to acquire the site from the developer and entered into a 55-year Ground Lease with Regency Court Partners, L.P. In 1997, the HOME loan was converted into a \$900,000 residual receipts loan as part of the development's permanent financing.

Monrovia 612, L.P., is the new partnership acquiring and rehabilitating Regency Court Apartments for an estimated cost of \$12,698,189. The new partnership's refinancing plan will consist of re-syndication involving low-income housing tax credits, tax-exempt bond financing, assumption of the existing HOME loan, and private financing.

As part of its re-syndication, Monrovia 612, L.P., will obtain a \$6,700,000 first mortgage loan from the California Housing Finance Agency (CalHFA). The new partnership is requesting that the Commission subordinate its existing HOME loan to CalHFA through a subordination agreement. The Commission will receive, from the new partnership, a \$500,000 payment on its existing HOME loan upon close of escrow. As of January 2014, the total principal and accrued interest amount to be assumed by Monrovia 612, L.P., is \$873,910, at 3% simple annual interest due in 2056. The HOME loan will continue to be repaid out of residual receipts, of which 60% will be payable to Monrovia 612, L.P., and 40% to the Commission until the deferred developer fee is paid in full. Following repayment of the deferred developer fee, residual receipts payments will consist of 60% to the Commission and 40% to Monrovia 612, L.P. Only 70% of the Commission's residual receipts payments will be allocated toward the repayment of the HOME loan. The Executive Director will execute an amended promissory note, a deed of trust recorded against the property, and all related subordination documents.

Currently, the Ground Lease term is through 2049. The Executive Director will execute an amended Ground Lease extending until 2069. It will also incorporate a lease payment of 30% of the Commission's residual receipt payments. The affordability term will be extended for an additional 19 years, until 2069, commensurate with the amended Ground Lease term, and enforced by recorded Covenants, Conditions and Restrictions. The DDA will be amended to reflect the new limited

partner, re-syndication terms, and the proposed rehabilitation to the housing development.

Upon acquisition, the new partnership will rehabilitate the housing development with much needed improvements such as roof replacement, energy efficiency improvements, exterior painting and other deferred maintenance. The total rehabilitation costs are estimated at \$3,554,751, which will be financed with low-income housing tax credits and tax-exempt bond financing.

### **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

The action is not a project pursuant to CEQA because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA Guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The requested actions will preserve much needed affordable housing for low-income seniors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:CC:rra